

FACT SHEET ON WorkSafeMT
A Statewide Safety Education Campaign
Proposed by the Labor Management Advisory Council
On Workers' Compensation
January 26, 2009

Montana has the second highest workers' compensation premium rates in the country. The primary cost driver for our high premium rates is our high frequency of claims or injury rates (50% above national average). We have an average of 6.3 injuries per 100 employees in Montana vs. a national average of 4.2 injuries per 100 employees.

The Labor Management Advisory Council (LMAC) has been studying the reasons for our high workers' compensation costs for the past 2 years. The LMAC is made up of 5 representatives of management and 5 representatives of labor and is chaired by Lt. Governor Bohlinger.

The Council has recommended that in order to reduce our injury rate, Montana needs a comprehensive statewide safety education program. The LMAC approved creation of the WorkSafeMT Foundation as the vehicle to begin changing the safety culture in Montana.

The WorkSafeMT Foundation is a not for profit public/private broad-based cooperative effort to change Montana's safety and transitional employment cultures. The Board develops the strategic vision, defines the scope of services, provides direction for the implementation of strategic initiatives and assists with evaluation.

WorkSafeMT will engage in a comprehensive state-wide education, technical assistance and social marketing campaign. WorkSafeMT has two main objectives:

- 1. To create a safety culture**
- 2. To promote transitional employment**

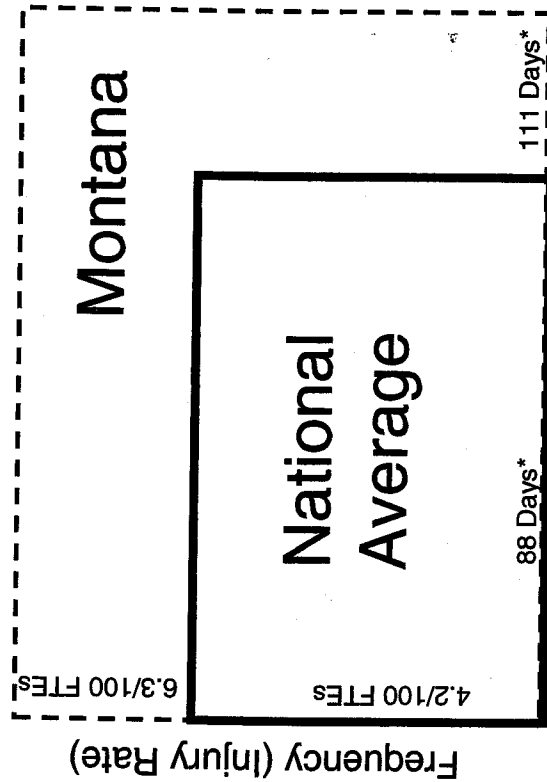
Efforts of WorkSafeMT will include initiatives, strategies, tools and resources to assist both small and large employers in reducing the incidence of workplace injuries. In addition, when funding permits, WorkSafeMT will design and implement a statewide social marketing campaign to begin changing the way we think about safety in the workplace.

The National Council on Compensation Insurance (NCCI), the workers' compensation rate setting authority for Montana, estimates that if we could reduce our incidence of injuries and our duration of time away from work to the national averages, the state of Montana could save more than \$150 million in workers' compensation costs. Here is a breakdown of the potential savings:

- 37.5% or **\$145 million per year** *if* we reduce our injury rate to national average
- 3.3% or **\$12.5 million per year** *if* we reduce days to return to work to national average

Members of the LMAC and WorkSafeMT Board are gauging support for a proposal to appropriate one million dollars from the fund balance in the workers' compensation administration fund on a one-time-only basis to provide seed money to begin this effort. The board is also approaching private corporations and employers to provide private funding for initiatives of WorkSafeMT.

Why high WC premiums?



Duration (Days Away From Work)

*Using 2008 NCCI State Advisory Forum Report

- We injure more people
- They are off work longer
- We have higher medical costs
- Must collect higher premium per \$100 payroll to cover significantly more people
- Montana has a lower wage base that premium is applied to